

**REPORT OF THE AUDIT OF THE
WOLFE COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2023**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
WOLFE COUNTY OFFICIALS	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	7
NOTES TO FINANCIAL STATEMENT.....	12
BUDGETARY COMPARISON SCHEDULES.....	27
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES	42
SCHEDULE OF CAPITAL ASSETS.....	45
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	46
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	49
SCHEDULE OF FINDINGS AND RESPONSES	53
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM	

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Raymond Banks, Wolfe County Judge/Executive
Members of the Wolfe County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Wolfe County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Wolfe County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Wolfe County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Wolfe County Fiscal Court, for the year ended June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Wolfe County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky
 The Honorable Andy Beshear, Governor
 Holly M. Johnson, Secretary
 Finance and Administration Cabinet
 The Honorable Raymond Banks, Wolfe County Judge/Executive
 Members of the Wolfe County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Wolfe County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Wolfe County Fiscal Court's management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wolfe County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wolfe County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Raymond Banks, Wolfe County Judge/Executive
Members of the Wolfe County Fiscal Court

Auditor's Responsibilities for the Audit of the Financial Statement (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Wolfe County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules are fairly stated in all material respects in relation to the financial statement as a whole.

Other Information

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2025, on our consideration of the Wolfe County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wolfe County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Raymond Banks, Wolfe County Judge/Executive
Members of the Wolfe County Fiscal Court

Other Reporting Required by *Government Auditing Standards* (Continued)

Based on the results of our audit, we present the accompanying Schedule of Findings and Responses, included herein, which discusses the following report findings:

- 2023-001 The Wolfe County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements
- 2023-002 The Wolfe County Fiscal Court Did Not Have Adequate Internal Controls Over Occupational/Payroll Tax Collections And Solid Waste Collections
- 2023-003 The Wolfe County Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements
- 2023-004 Long Term Liabilities Reported On The Fourth Quarter Financial Statement Were Materially Misstated
- 2023-005 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

August 20, 2025

WOLFE COUNTY OFFICIALS**For The Year Ended June 30, 2023****Fiscal Court Members:**

Raymond Banks	County Judge/Executive
Arthur Vest	Magistrate
Gene Booth	Magistrate
James Banks	Magistrate

Other Elected Officials:

Stephen Johnson	County Attorney
Albert Lykins	Jailer
Corinna Groves	County Clerk
Debbie Sparks	Circuit Court Clerk
Greg Banks	Sheriff
Justina Smith	Property Valuation Administrator
James Frank Porter	Coroner

Appointed Personnel:

Porter Harris	County Treasurer
Kelli Ratliff Evans	Chief Financial Officer

WOLFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2023

WOLFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2023

	Budgeted Funds			Local Government Economic Assistance Fund
	General Fund	Road Fund	Jail Fund	
RECEIPTS				
Taxes	\$ 1,058,603	\$	\$	\$
In Lieu Tax Payments	37,073	21,532		
Excess Fees	39,444			
Licenses and Permits	1,021			
Intergovernmental	326,985	1,255,489	85,962	96,721
Charges for Services	9,542			
Miscellaneous	138,987	20,153	885	
Interest				
Total Receipts	<u>1,611,655</u>	<u>1,297,174</u>	<u>86,847</u>	<u>96,721</u>
DISBURSEMENTS				
General Government	1,033,339		1,170	15,138
Protection to Persons and Property	59,745		377,980	
General Health and Sanitation	35,144			53,177
Social Services	8,021			
Recreation and Culture	2,550			
Roads		1,070,083		82,533
Debt Service		90,864		
Capital Projects				
Administration	420,701	243,816	16,108	31,969
Total Disbursements	<u>1,559,500</u>	<u>1,404,763</u>	<u>395,258</u>	<u>182,817</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>52,155</u>	<u>(107,589)</u>	<u>(308,411)</u>	<u>(86,096)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		163,537		
Transfers From Other Funds	478,858	313,005	381,017	76,717
Transfers To Other Funds	(521,277)	(336,219)	(76,717)	
Total Other Adjustments to Cash (Uses)	<u>(42,419)</u>	<u>140,323</u>	<u>304,300</u>	<u>76,717</u>
Net Change in Fund Balance	9,736	32,734	(4,111)	(9,379)
Fund Balance - Beginning (restated)	73,486	63,280	8,521	42,663
Fund Balance - Ending	<u>\$ 83,222</u>	<u>\$ 96,014</u>	<u>\$ 4,410</u>	<u>\$ 33,284</u>
Composition of Fund Balance				
Bank Balance	\$ 115,743	\$ 114,826	\$ 5,034	\$ 36,253
Plus: Deposits In Transit	3,182		2,318	
Less: Outstanding Checks	(35,703)	(18,812)	(2,942)	(2,969)
Certificates of Deposit				
Fund Balance - Ending	<u>\$ 83,222</u>	<u>\$ 96,014</u>	<u>\$ 4,410</u>	<u>\$ 33,284</u>

The accompanying notes are an integral part of the financial statement.

WOLFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

Budgeted Funds						
Fire Protection Fund	Solid Waste Fund	Local Government Economic Development Fund	Clerk's Document Storage Fee Fund	E-911 Fund	Opioid Settlement Fund	Special Projects - Utility Assistance Fund
\$ 2,279	\$	\$	\$	\$	\$	\$
	1,000					
	126,458			151,731		
	113,010					
	16,159		12,471		117,346	
<u>2,279</u>	<u>256,627</u>		<u>12,471</u>	<u>151,731</u>	<u>117,346</u>	
			6,000			
2,317				186,125		
	434,959					
	6,407					
	47,651			32,578		
<u>2,317</u>	<u>489,017</u>		<u>6,000</u>	<u>218,703</u>		
(38)	(232,390)		6,471	(66,972)	117,346	
	181,374					
	(11,236)					
	170,138					
(38)	(62,252)		6,471	(66,972)	117,346	
<u>2,332</u>	<u>221,659</u>			<u>150,205</u>		
<u>\$ 2,294</u>	<u>\$ 159,407</u>	<u>\$ 0</u>	<u>\$ 6,471</u>	<u>\$ 83,233</u>	<u>\$ 117,346</u>	<u>\$ 0</u>
\$ 2,294	\$ 167,020	\$	\$ 6,471	\$ 90,296	\$ 117,346	\$
	(7,613)			(7,063)		
<u>\$ 2,294</u>	<u>\$ 159,407</u>	<u>\$ 0</u>	<u>\$ 6,471</u>	<u>\$ 83,233</u>	<u>\$ 117,346</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statement.

WOLFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

	Budgeted Funds			
	Revolving Grant Fund	American Recovery Plan Act (ARPA) Fund	Special Projects - Water Tank Fund	Citizens United Against Drugs Fund
RECEIPTS				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental	63,932	65,989	10,523	133,445
Charges for Services				
Miscellaneous				11,454
Interest			421	
Total Receipts	<u>63,932</u>	<u>65,989</u>	<u>10,944</u>	<u>144,899</u>
DISBURSEMENTS				
General Government		10,272		
Protection to Persons and Property				
General Health and Sanitation				
Social Services				120,255
Recreation and Culture				
Roads				
Debt Service				
Capital Projects			10,523	
Administration	131,660			25,938
Total Disbursements	<u>131,660</u>	<u>10,272</u>	<u>10,523</u>	<u>146,193</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(67,728)</u>	<u>55,717</u>	<u>421</u>	<u>(1,294)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				
Transfers From Other Funds	67,728	240,260		
Transfers To Other Funds		(612,136)		
Total Other Adjustments to Cash (Uses)	<u>67,728</u>	<u>(371,876)</u>		
Net Change in Fund Balance		(316,159)	421	(1,294)
Fund Balance - Beginning (restated)		1,059,966	105,117	2,193
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 743,807</u>	<u>\$ 105,538</u>	<u>\$ 899</u>
Composition of Fund Balance				
Bank Balance	\$	\$ 743,807	\$ 18	\$ 7,504
Plus: Deposits In Transit				
Less: Outstanding Checks				(6,605)
Certificates of Deposit			105,520	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 743,807</u>	<u>\$ 105,538</u>	<u>\$ 899</u>

The accompanying notes are an integral part of the financial statement.

WOLFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

<u>Unbudgeted Fund</u>	
<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
\$	\$ 1,060,882
	58,605
	39,444
	2,021
801,900	3,119,135
	122,552
	317,455
401	822
<u>802,301</u>	<u>4,720,916</u>
	1,065,919
	626,167
	523,280
	128,276
	2,550
	1,152,616
801,900	899,171
	10,523
1	950,422
<u>801,901</u>	<u>5,358,924</u>
<u>400</u>	<u>(638,008)</u>
	344,911
	1,557,585
	<u>(1,557,585)</u>
	344,911
400	(293,097)
857	1,730,279
<u>\$ 1,257</u>	<u>\$ 1,437,182</u>
\$ 1,257	\$ 1,407,869
	5,500
	(81,707)
	105,520
<u>\$ 1,257</u>	<u>\$ 1,437,182</u>

The accompanying notes are an integral part of the financial statement.

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	12
NOTE 2.	DEPOSITS AND INVESTMENTS	17
NOTE 3.	TRANSFERS	17
NOTE 4.	LEASES	17
NOTE 5.	SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)	18
NOTE 6.	LONG-TERM DEBT	19
NOTE 7.	EMPLOYEE RETIREMENT SYSTEM	21
NOTE 8.	DEFERRED COMPENSATION	24
NOTE 9.	INSURANCE	24
NOTE 10.	PRIOR PERIOD ADJUSTMENTS	24

**WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Wolfe County includes all budgeted and unbudgeted funds under the control of the Wolfe County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

The Wolfe County Tourism Commission would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they no longer are required components of the reporting entity. Audits of the Wolfe County Tourism Commission, if available, can be obtained from the Wolfe County Fiscal Court.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Fire Protection Fund - The primary purpose of this fund is to account for the receipt of fire acres tax paid and disbursements for fire protection distributed to other governmental entities.

Solid Waste Fund - The primary purpose of this fund is to account for garbage collection related activities. The primary source of receipts for this fund is tipping fees for garbage collection remitted to the county by solid waste contractors.

Local Government Economic Development (LGED) Fund - The primary purpose of this fund is to account for line-item coal and mineral severance grants for various county projects. The primary source of receipts for this fund is state grants.

Clerk's Document Storage Fee Fund - The primary purpose of this fund is to account for document storage fees collected by the county clerk that are transferred to the fiscal court. These funds are used to at the request of the county clerk for permanent storage and access to records in the county clerk's office per statute.

E-911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund is the 911 telephone surcharge.

Opioid Settlement Fund - The primary purpose of this fund is to account for distributions of a class action lawsuit settlement related to the opioid epidemic, which is the only source of revenue for this fund. Disbursements from this fund are for expenses the entity incurs as a result of the opioid epidemic and substance use disorder.

Special Projects - Utility Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements for the utility assistance project. The primary source of receipts for this fund is grants from the state and federal governments.

Revolving Grant Fund - The primary purpose of this fund is to account for a grant and matching funds to purchase sheriff's vehicles.

American Rescue Plan Act (ARPA) Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund are federal grants received under the American Rescue Plan Act.

Special Projects – Water Tank Fund - The primary purpose of this fund is to account for grants and related disbursements for the water tank project. The primary source of receipts for this fund is grants from the state and federal governments.

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Citizens United Against Drugs Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund are grants from the state and federal governments.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Wolfe County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Wolfe County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Wolfe County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

H. Related Organizations and Joint Ventures

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on this criteria, the following are considered related organizations of the Wolfe County Fiscal Court:

Wolfe County Search & Rescue

Wolfe County Search & Rescue is a volunteer organization that provides services to the Red River Gorge area, including Wolfe County Emergency Management, for search and rescue activities. Due to the reliance on donations and volunteers for operations, the Wolfe County Fiscal Court provides financial support in the form of insurance coverage for acquired assets so that revenues can be applied to operations of the organization rather than administrative costs in the interest of public service, health, and safety.

Wolfe County Animal Shelter, Inc.

Wolfe County Animal Shelter, Inc. is a not-for-profit entity established to provide support for animal welfare efforts in the community. This entity provides financial support to the Wolfe County Animal Shelter, which is owned and operated by the Wolfe County Fiscal Court. Donations to the shelter are received by Wolfe County Animal Shelter, Inc. so that donations may be tax deductible due to the not-for-profit status of Wolfe County Animal Shelter, Inc. Funds received by Wolfe County Animal Shelter, Inc. are intended to provide operating support to the shelter in the form of food, equipment, veterinary care, medicines, cleaning supplies, and other items.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the following are considered joint ventures of the Wolfe County Fiscal Court:

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Organizations and Joint Ventures (Continued)

Three Forks Regional Jail

On October 6, 2000, the Counties of Lee, Owsley and Wolfe (the participating counties) entered into an Interlocal Cooperation Agreement in order to provide for joint and cooperative action in the acquisition, construction, installation, maintenance and financing of the Three Forks Regional Jail. Pursuant to this interlocal agreement, Lee County (the lead county) established the Three Forks Public Properties Corporation, a legally separate organization, to act as an agency and instrumentality of the participating counties in financing the acquisition and construction of the Three Forks Regional Jail. On December 1, 2000, the three participating counties established the Three Forks Regional Jail Authority pursuant to the provisions of KRS 441.800 and KRS 441.810 to act as the constituted authority of the participating counties in the acquisition, construction, equipping and operation of the Three Forks Regional Jail.

The Three Forks Regional Jail Authority and the Three Forks Public Properties Corporation are comprised of an eight-member board of directors. Lee County appoints three of the eight members. Wolfe and Owsley counties appoint two members each. In addition, the Lee County Jailer is a required member of the board.

On December 1, 2000, the corporation issued \$6,295,000 First Mortgage Revenue Bonds, Series 2000. In 2012, the bonds were refunded with \$5,570,000 of Kentucky Bond Corporation Financing Program Revenue Bonds, 2012 First Series D that are scheduled to mature in February 2032.

The 2012 First Series D Bonds are not general obligations of the issuer or any participant, except to the extent of a participant's obligations under its financing agreement, but are special and limited payable solely from the Trustee Estate.

Under the terms of the financing agreements, repayment schedules are established to enable the issuer to meet the principal and interest requirements of the related bonds. No participant is, however, responsible for the failure of any other participant to pay its obligations under a financing agreement. Each participating county covenants to meet its proportionate share of the debt service requirements on the bonds as follows: 40% for Lee County, 22% for Owsley County and 38% for Wolfe County. The principal amount outstanding as of June 30, 2023, attributable to Wolfe County is \$868,510.

A copy of the Three Forks Regional Jail Authority's most recent audit report may be obtained at Three Forks Regional Jail, 2475 Center Street, Beattyville, Kentucky 41311.

Wolfe-Morgan Multi-County Industrial Development Authority

In April 2011, Wolfe and Morgan Counties entered into an interlocal agreement creating the Wolfe-Morgan Multi-County Industrial Development Authority. The Authority was developed for the acquisition, development and retention of industry in Wolfe and Morgan Counties. The Authority is comprised of a five-member board of directors. Wolfe and Morgan Counties appoint one member each. Both the Wolfe County and Morgan County Judge/Executives are members. In addition, the counties jointly appoint the remaining member.

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 2. Deposits and Investments

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2023.

	General Fund	Road Fund	Jail Fund	Solid Waste Fund	ARPA Fund	Total Transfers In
General Fund	\$	\$ 223,214	\$	\$	\$ 255,644	\$ 478,858
Road Fund					313,005	313,005
Jail Fund	381,017					381,017
LGEA Fund			76,717			76,717
Revolving Grant Fund		13,005		11,236	43,487	67,728
ARPA Fund	140,260	100,000				240,260
Total Transfers Out	\$ 521,277	\$ 336,219	\$ 76,717	\$ 11,236	\$ 612,136	\$ 1,557,585

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Leases

A. Lessor

The Chop Shop

On October 11, 2021, the Wolfe County Fiscal Court entered into a lease agreement with The Chop Shop for a parcel of land owned by the county adjacent to the current operating location of The Chop Shop. The lease requires \$1,000 monthly payments for five years beginning October 1, 2021 and ending September 30, 2026 and requires The Chop Shop to pay all applicable property taxes. The lease can be extended for another five years with the same terms upon mutual agreement of the parties.

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 4. Leases (Continued)

A. Lessor (Continued)

The Chop Shop (Continued)

The Wolfe County Fiscal Court recognized \$12,000 in lease revenue during the current fiscal year for this lease. As of June 30, 2023, the Wolfe County Fiscal Court's receivable for lease payments was \$39,000.

Administrative Office of the Courts (AOC)

On August 11, 2016, the Wolfe County Fiscal Court, Wolfe County Public Properties Corporation, and the Kentucky Administrative Office of the Courts (AOC) entered into a lease agreement for use of the judicial center. The rental payments are paid directly to the financial institution by AOC and are equal the amount of First Mortgage Refunding Revenue Bonds, Series 2016, per the bond repayment schedule as noted in Note 6.B.1. The lease is renewable July 1 of even numbered years for a biennial period of two years with 60 day written notice required by either party to terminate the agreement. The Wolfe County Fiscal Court recognized \$801,900 in revenues for this lease during the current fiscal year.

B. Lease and Sublease

Wolfe County Hight School, LLLP

On December 9, 2014, the Wolfe County Fiscal Court (lessor) entered into an agreement to lease property located at 166 Wolfe County Elementary School Road, (surplus fiscal court property), to Wolfe County High School, LLLP (lessee) for the purpose of creating affordable housing for senior citizens, including a community center within the project. Wolfe County High School, LLLP will lease the property for one dollar per year for a term of 50 years. The lessee has agreed that all improvements made to the leased premises shall become the property of the county upon expiration, cancellation and/or termination of this lease agreement, or upon notice thereof. Also, on December 9, 2014, the Wolfe County Fiscal Court (lessee) entered into an agreement to sublease the community center portion of the property from Wolfe County High School, LLLP (lessor) for a base rate of one dollar per year for 20 years. The fiscal court will be responsible for all community center utility expenses which are metered separately from the housing property and prorated amounts for other expenses.

Note 5. Subscription-Based Information Technology Arrangements (SBITA)

Election Equipment Subscription

The Wolfe County Fiscal Court entered into a subscription-based information technology arrangement for election equipment software for the county clerk's office. The initial cost of \$100,125 included election equipment and the initial annual subscription cost. The subscription is automatically renewed for two year periods until cancellation by one or both parties. The Wolfe County Fiscal Court will receive the right-to-use subscription asset (intangible asset) with renewal subscription costs totaling \$7,320 to be paid annually. As of June 30, 2023, the value of the subscription liability was \$7,320 as the fiscal court is only obligated for the annual subscription fee until renewal in fiscal year 2024.

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Blacktop

On October 9, 2013, the Wolfe County Fiscal Court entered into a \$1,000,000 direct borrowing agreement with the Kentucky Association of Counties Leasing Trust to blacktop county roads. The lease agreement requires monthly payments, at an interest rate of 3.84% per annum, with a final payment due on January 20, 2029. In the event of default, a direct tax shall be levied annually in an amount sufficient to pay the financing obligation lease payments when and as due. As of June 30, 2023, the principal outstanding is \$445,833. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	\$ 72,083	\$ 20,277
2025	75,000	17,346
2026	77,083	14,083
2027	82,084	10,617
2028	87,083	6,871
2029	<u>52,500</u>	<u>2,678</u>
Totals	<u>\$ 445,833</u>	<u>\$ 71,872</u>

2. Truck – Road Department

On July 21, 2022, the county entered into a 17-month direct borrowing agreement with the Kentucky Association of Counties Leasing Trust totaling \$163,537 for a truck used by the road department. The agreement called for a fixed interest rate of 3.74% and requires monthly interest payments with one principal payment due at the end of the agreement. The county plans to auction this equipment near the end of the agreement and use those proceeds to pay off the principal due. In the event of default, the county would have to immediately return the equipment, which was used as collateral for the agreement. As of June 30, 2023, the principal outstanding is \$163,537. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	<u>163,537</u>	<u>3,058</u>
Totals	<u>\$ 163,537</u>	<u>\$ 3,058</u>

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Truck – Solid Waste Department

On July 21, 2022, the county entered into a seventeen-month direct borrowing agreement with Kentucky Association of Counties Leasing Trust totaling \$181,374 for a truck used by the road department. The agreement called for a fixed interest rate of 3.74% and requires monthly interest payments with one principal payment due at the end of the agreement. The county plans to auction this equipment near the end of the agreement and use those proceeds to pay off the principal due. In the event of default, the county would have to immediately return the equipment, which was used as collateral for the agreement. As of June 30, 2023, the principal outstanding is \$181,374. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	<u>181,374</u>	<u>3,392</u>
Totals	<u>\$ 181,374</u>	<u>\$ 3,392</u>

B. Other Debt

1. Bonds

On August 24, 2016, the Wolfe County Public Properties Corporation issued \$5,650,000 First Mortgage Refunding Revenue Bonds, Series 2016. The proceeds advance refund on April 1, 2020, the series 2010 bonds maturing in 2023 and thereafter. Sufficient funds have been deposited in an irrevocable escrow account to pay the interest on the bonds and pay the principal on the bonds at the redemption date. AOC provides funding, payable directly to the bond trustee, to meet the debt service requirements. The land and building have been secured as collateral for the bonds. In the event of default, the bond trustee can initiate foreclosure on the mortgage lien. Semi-annual interest payments are required on April 1 and October 1 of each year, beginning October 1, 2016, as well as annual principal payments on April 1 beginning April 1, 2022, with a final maturity date of April 1, 2030. As of June 30, 2023, the principal outstanding is \$4,985,000. Future principal and interest payments are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	\$ 640,000	\$ 162,300
2025	665,000	136,700
2026	690,000	110,100
2027	720,000	82,500
2028	735,000	68,100
2029-2030	<u>1,535,000</u>	<u>69,450</u>
Totals	<u>\$ 4,985,000</u>	<u>\$ 629,150</u>

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings	\$ 510,001	\$ 344,911	\$ 64,168	\$ 790,744	\$ 416,994
Other Debt	5,600,000		615,000	4,985,000	640,000
Total Long-term Debt	<u>\$ 6,110,001</u>	<u>\$ 344,911</u>	<u>\$ 679,168</u>	<u>\$ 5,775,744</u>	<u>\$ 1,056,994</u>

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2023, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 640,000	\$ 162,300	\$ 416,994	\$ 26,727
2025	665,000	136,700	75,000	17,346
2026	690,000	110,100	77,083	14,083
2027	720,000	82,500	82,084	10,617
2028	735,000	68,100	87,083	6,871
2029-2030	1,535,000	69,450	52,500	2,678
Totals	<u>\$ 4,985,000</u>	<u>\$ 629,150</u>	<u>\$ 790,744</u>	<u>\$ 78,322</u>

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Kentucky Retirement Systems (Ky. Ret. Sys.). The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$291,690, FY 2022 was \$358,537, and FY 2023 was \$389,887.

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 7. Employee Retirement System (Continued)

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent will go to the Ky. Ret. Sys. insurance trust fund to be attributed to CERS's share of assets in the fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the CERS Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 26.79 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

D. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

E. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KPPA will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

F. Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646. Some reports are also available on line at: <https://kyret.ky.gov>.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 8. Deferred Compensation

The Wolfe County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

Note 9. Insurance

For the fiscal year ended June 30, 2023, the Wolfe County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 10. Prior Period Adjustments

The balances of the General Fund, the Solid Waste Fund, and the Citizens United Against Drugs (CUAD) Fund were increased \$3,197, \$30, and \$681, respectively, due to prior year voided checks.

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 915,100	\$ 915,100	\$ 1,058,603	\$ 143,503
In Lieu Tax Payments			37,073	37,073
Excess Fees	50,000	50,000	39,444	(10,556)
Licenses and Permits	1,300	1,300	1,021	(279)
Intergovernmental	256,850	256,850	326,985	70,135
Charges for Services	14,500	14,500	9,542	(4,958)
Miscellaneous	85,200	85,200	138,987	53,787
Total Receipts	<u>1,322,950</u>	<u>1,322,950</u>	<u>1,611,655</u>	<u>288,705</u>
DISBURSEMENTS				
General Government	741,495	1,032,882	1,033,339	(457)
Protection to Persons and Property	38,225	59,799	59,745	54
General Health and Sanitation	31,000	35,145	35,144	1
Social Services	3,500	7,637	8,021	(384)
Recreation and Culture		2,550	2,550	
Administration	440,525	429,445	420,701	8,744
Total Disbursements	<u>1,254,745</u>	<u>1,567,458</u>	<u>1,559,500</u>	<u>7,958</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>68,205</u>	<u>(244,508)</u>	<u>52,155</u>	<u>296,663</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	223,214	223,214	478,858	255,644
Transfers To Other Funds	<u>(423,617)</u>	<u>(423,617)</u>	<u>(521,277)</u>	<u>(97,660)</u>
Total Other Adjustments to Cash (Uses)	<u>(200,403)</u>	<u>(200,403)</u>	<u>(42,419)</u>	<u>157,984</u>
Net Change in Fund Balance	(132,198)	(444,911)	9,736	454,647
Fund Balance - Beginning (restated)	<u>132,198</u>	<u>132,198</u>	<u>73,486</u>	<u>(58,712)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (312,713)</u>	<u>\$ 83,222</u>	<u>\$ 395,935</u>

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
In Lieu Tax Payments	\$ 30,000	\$ 30,000	\$ 21,532	\$ (8,468)
Intergovernmental	1,715,807	1,715,807	1,255,489	(460,318)
Miscellaneous	161,000	161,000	20,153	(140,847)
Total Receipts	1,906,807	1,906,807	1,297,174	(609,633)
DISBURSEMENTS				
Roads	1,125,593	1,284,093	1,070,083	214,010
Debt Service	262,000	103,500	90,864	12,636
Administration	336,000	316,000	243,816	72,184
Total Disbursements	1,723,593	1,703,593	1,404,763	298,830
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	183,214	203,214	(107,589)	(310,803)
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			163,537	163,537
Transfers From Other Funds			313,005	313,005
Transfers To Other Funds	(223,214)	(223,214)	(336,219)	(113,005)
Total Other Adjustments to Cash (Uses)	(223,214)	(223,214)	140,323	363,537
Net Change in Fund Balance	(40,000)	(20,000)	32,734	52,734
Fund Balance - Beginning	40,000	40,000	63,280	23,280
Fund Balance - Ending	\$ 0	\$ 20,000	\$ 96,014	\$ 76,014

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 85,800	\$ 85,800	\$ 85,962	\$ 162
Miscellaneous	250	250	885	635
Total Receipts	86,050	86,050	86,847	797
DISBURSEMENTS				
General Government	1,200	1,200	1,170	30
Protection to Persons and Property	407,150	407,050	377,980	29,070
Administration	24,600	24,700	16,108	8,592
Total Disbursements	432,950	432,950	395,258	37,692
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(346,900)	(346,900)	(308,411)	38,489
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	423,617	423,617	381,017	(42,600)
Transfers To Other Funds	(76,717)	(76,717)	(76,717)	
Total Other Adjustments to Cash (Uses)	346,900	346,900	304,300	(42,600)
Net Change in Fund Balance			(4,111)	(4,111)
Fund Balance - Beginning			8,521	8,521
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,410	\$ 4,410

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 96,721	\$ 46,721
Total Receipts	50,000	50,000	96,721	46,721
DISBURSEMENTS				
General Government	16,400	16,400	15,138	1,262
Protection to Persons and Property	14,500	175		175
General Health and Sanitation	54,500	55,500	53,177	2,323
Social Services	1,000			
Roads	48,817	82,542	82,533	9
Administration	31,500	32,100	31,969	131
Total Disbursements	166,717	186,717	182,817	3,900
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(116,717)	(136,717)	(86,096)	50,621
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	76,717	76,717	76,717	
Total Other Adjustments to Cash (Uses)	76,717	76,717	76,717	
Net Change in Fund Balance	(40,000)	(60,000)	(9,379)	50,621
Fund Balance - Beginning	40,000	40,000	42,663	2,663
Fund Balance - Ending	\$ 0	\$ (20,000)	\$ 33,284	\$ 53,284

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

FIRE PROTECTION FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,500	\$ 2,500	\$ 2,279	\$ (221)
Total Receipts	2,500	2,500	2,279	(221)
DISBURSEMENTS				
Protection to Persons and Property	2,400	2,400	2,317	83
Administration	2,366	2,366		2,366
Total Disbursements	4,766	4,766	2,317	2,449
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,266)	(2,266)	(38)	2,228
Net Change in Fund Balance	(2,266)	(2,266)	(38)	2,228
Fund Balance - Beginning	2,266	2,266	2,332	66
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,294	\$ 2,294

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

SOLID WASTE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Licenses and Permits	\$ 1,200	\$ 1,200	\$ 1,000	\$ (200)
Intergovernmental	230,000	230,000	126,458	(103,542)
Charges for Services	115,000	115,000	113,010	(1,990)
Miscellaneous	194,500	194,500	16,159	(178,341)
Interest				
Total Receipts	540,700	540,700	256,627	(284,073)
DISBURSEMENTS				
General Health and Sanitation	317,700	439,800	434,959	4,841
Debt Service	197,500	97,500	6,407	91,093
Administration	185,500	163,400	47,651	115,749
Total Disbursements	700,700	700,700	489,017	211,683
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(160,000)	(160,000)	(232,390)	(72,390)
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			181,374	181,374
Transfers To Other Funds			(11,236)	(11,236)
Total Other Adjustments to Cash (Uses)			170,138	170,138
Net Change in Fund Balance	(160,000)	(160,000)	(62,252)	97,748
Fund Balance - Beginning (restated)	160,000	160,000	221,659	61,659
Fund Balance - Ending	\$ 0	\$ 0	\$ 159,407	\$ 159,407

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u>	<u>Final Budget</u>
			<u>(Budgetary</u>	<u>Positive</u>
			<u>Basis)</u>	<u>(Negative)</u>
RECEIPTS				
Taxes	\$	\$	\$	\$
Total Receipts				
DISBURSEMENTS				
General Government				
Total Disbursements				
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

CLERK'S DOCUMENT STORAGE FEE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 20,000	\$ 12,471	\$ (7,529)
Total Receipts		20,000	12,471	(7,529)
DISBURSEMENTS				
General Government		15,000	6,000	9,000
Administration		5,000		5,000
Total Disbursements		20,000	6,000	14,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			6,471	6,471
Net Change in Fund Balance			6,471	6,471
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 6,471	\$ 6,471

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

E-911 FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 135,000	\$ 135,000	\$ 151,731	\$ 16,731
Miscellaneous	500	500		(500)
Total Receipts	135,500	135,500	151,731	16,231
DISBURSEMENTS				
Protection to Persons and Property	185,150	217,150	186,125	31,025
Administration	100,350	68,350	32,578	35,772
Total Disbursements	285,500	285,500	218,703	66,797
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(150,000)	(150,000)	(66,972)	83,028
Net Change in Fund Balance	(150,000)	(150,000)	(66,972)	83,028
Fund Balance - Beginning	150,000	150,000	150,205	205
Fund Balance - Ending	\$ 0	\$ 0	\$ 83,233	\$ 83,233

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
RECEIPTS			
Miscellaneous	\$	\$ 117,346	\$ 117,346
Total Receipts		117,346	117,346
DISBURSEMENTS			
Administration		117,346	117,346
Total Disbursements		117,346	117,346
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			117,346
Net Change in Fund Balance			117,346
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 117,346

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

SPECIAL PROJECTS - UTILITY ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$	\$	\$	\$
Total Receipts				
DISBURSEMENTS				
General Government				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

REVOLVING GRANT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 63,932	\$ (1,068)
Miscellaneous	68,000	68,000		(68,000)
Total Receipts	133,000	133,000	63,932	(69,068)
DISBURSEMENTS				
Administration	133,000	133,000	131,660	1,340
Total Disbursements	133,000	133,000	131,660	1,340
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(67,728)	(67,728)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			67,728	67,728
Total Other Adjustments to Cash (Uses)			67,728	67,728
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

AMERICAN RESCUE PLAN ACT (ARPA) FUND			
	Budgeted Amounts		Variance with
	Original	Final	Actual Amounts, (Budgetary Basis) Final Budget Positive (Negative)
RECEIPTS			
Intergovernmental	\$	\$ 65,989	\$ 65,989 \$
Total Receipts		65,989	65,989
DISBURSEMENTS			
General Government		10,275	10,272 3
Administration	695,082	438,083	438,083
Total Disbursements	695,082	448,358	10,272 438,086
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(695,082)	(382,369)	55,717 438,086
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			240,260 240,260
Transfers To Other Funds			(612,136) (612,136)
Total Other Adjustments to Cash (Uses)			(371,876) (371,876)
Net Change in Fund Balance	(695,082)	(382,369)	(316,159) 66,210
Fund Balance - Beginning	695,082	695,082	1,059,966 364,884
Fund Balance - Ending	\$ 0	\$ 312,713	\$ 743,807 \$ 431,094

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

SPECIAL PROJECTS - WATER TANK FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 290,306	\$ 290,306	\$ 10,523	\$ (279,783)
Interest	450	450	421	(29)
Total Receipts	<u>290,756</u>	<u>290,756</u>	<u>10,944</u>	<u>(279,812)</u>
DISBURSEMENTS				
Capital Projects	393,538	393,538	10,523	383,015
Total Disbursements	<u>393,538</u>	<u>393,538</u>	<u>10,523</u>	<u>383,015</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(102,782)</u>	<u>(102,782)</u>	<u>421</u>	<u>103,203</u>
Net Change in Fund Balance	(102,782)	(102,782)	421	103,203
Fund Balance - Beginning	<u>102,782</u>	<u>102,782</u>	<u>105,117</u>	<u>2,335</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 105,538</u>	<u>\$ 105,538</u>

WOLFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

CITIZENS UNITED AGAINST DRUGS FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 135,000	\$ 135,000	\$ 133,445	\$ (1,555)
Miscellaneous			11,454	11,454
Total Receipts	135,000	135,000	144,899	9,899
DISBURSEMENTS				
Social Services	115,310	110,027	120,255	(10,228)
Administration	20,690	25,973	25,938	35
Total Disbursements	136,000	136,000	146,193	(10,193)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,000)	(1,000)	(1,294)	(294)
Net Change in Fund Balance	(1,000)	(1,000)	(1,294)	(294)
Fund Balance - Beginning (restated)	1,000	1,000	2,193	1,193
Fund Balance - Ending	\$ 0	\$ 0	\$ 899	\$ 899

WOLFE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

Note 2. Excess of Disbursements Over Appropriations

The General Fund general government line-item exceeded budgeted appropriations by \$457 and the General Fund social services line-item exceeded budgeted appropriations by \$384. The Citizens United Against Drugs Fund social services line-item exceeded budgeted appropriations by \$10,228 and exceeded total budgeted expenditures by \$10,193.

WOLFE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

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WOLFE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 1,539,439	\$	\$	\$ 1,539,439
Buildings	12,654,062			12,654,062
Vehicles	1,295,558	111,799	344,911	1,062,446
Equipment	1,291,538	39,050		1,330,588
Infrastructure	5,137,867	79,000		5,216,867
 Total Capital Assets	 <u>\$ 21,918,464</u>	 <u>\$ 229,849</u>	 <u>\$ 344,911</u>	 <u>\$ 21,803,402</u>

WOLFE COUNTY
NOTES TO OTHER INFORMATION - REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS

June 30, 2023

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 2,500	3-5
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable Raymond Banks, Wolfe County Judge/Executive
Members of the Wolfe County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Wolfe County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Wolfe County Fiscal Court's financial statement and have issued our report thereon dated August 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Wolfe County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Wolfe County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wolfe County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002, 2023-003, and 2023-004 to be material weaknesses.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Report on Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2023-005 to be a significant deficiency.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Wolfe County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-003, and 2023-004.

Views of Responsible Officials and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Wolfe County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

August 20, 2025

**WOLFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

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**WOLFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

FINANCIAL STATEMENT FINDINGS:

2023-001 The Wolfe County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2022-005. Internal controls over disbursements were not operating as intended. Proper procedures for disbursements were not followed to ensure compliance with the fiscal court's purchasing procedures. The following deficiencies were noted:

- The fiscal court did not issue purchase orders for disbursements totaling \$829,359. .
- Purchase orders issued for 16 of the 89 disbursements tested did not include the purchase order numbers related to the disbursements and the purchase order listing did not include a dollar amount for each purchase order.
- One credit card invoice was paid late and accumulated \$125 of late fees and interest charges.
- One credit card invoice was overpaid in the amount \$23.
- The fiscal court did not follow proper procurement procedures for one disbursement in the amount of \$39,050.

These deficiencies occurred due to the lack of monitoring of controls put in place over expenditures by the fiscal court. Failure to implement an effective purchase order system can result in overspending the approved budget. These deficiencies also increase the risk that undetected errors could occur, which can result in noncompliance and impact the entity's ability to ensure complete, accurate, and properly documented financial reporting for expenditures.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The requirement for a functioning purchase order system, proper controls over procurement, and timely payment of claims are basic internal controls necessary to ensure the accuracy and reliability of financial reports and are essential to prevent and detect errors, misstatements, and fraud.

We recommend the fiscal court implement proper internal controls over expenditures and ensure they are operating effectively.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Wolfe County acknowledges the finding regarding controls over disbursements. It is important to note that the majority of the transactions identified during the audit were monthly, recurring bills such as utilities, lease payments, and other standard operating expenses. These types of disbursements are consistent from month to month and do not require a purchase order under county policy, as they are essential recurring obligations rather than discretionary purchases. The County will continue to ensure that all disbursements are properly reviewed and approved, and that appropriate documentation is maintained to support compliance with internal control procedures.

Auditor's Reply: The Department for Local Government guidelines for purchasing procedures require a purchase order system that prevents disbursement from being made unless there is adequate budget and funds for the expense.

WOLFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-002 The Wolfe County Fiscal Court Did Not Have Adequate Internal Controls Over Occupational/Payroll Tax Collections And Solid Waste Collections

This is a repeat finding and was included in the prior year audit report as finding 2022-006. For occupational tax collections, daily tax reports from the tax software system were not reconciled to the deposit and receipt ledger postings and daily deposits were not made. The following exceptions were noted:

- Occupational/payroll tax ledger included \$159 in payments that could not be traced to a deposit.
- Deposits totaling \$8,888 were included on the general ledger, but not the occupational/payroll tax ledger.
- Twenty-one payments totaling \$13,079 received on June 21, 2023, were not posted on the general ledger or deposited until July 7, 2023.
- Deposits examined were made on a weekly basis.

For solid waste collections, prenumbered receipts were not issued and batched for all monies collected at the transfer station when the deposit was turned into the county treasurer for deposit. Per inquiry and review of the receipts ledger, it does not appear that collections are posted or deposited daily. There was no documentation of the review of the deposit spreadsheet given to the solid waste coordinator when the deposit was made.

Internal controls over occupational/payroll taxes and solid waste collections were not properly developed, implemented, and documented. The lack of adequate appropriate controls over the occupational/payroll tax collection process and over solid waste fees could lead to the misappropriation of assets and inaccurate financial reporting.

KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 68.840 states in part “... all county officials shall, upon the receipt of any fine, forfeiture, tax, or fee, prepare a receipt that meets the specifications of the state local finance officer...”. Proper internal controls and documentation of controls implemented are essential to protect the fiscal court against misappropriation of assets and inaccurate financial reporting, while also protecting employees in the normal course of performing their job responsibilities.

We recommend the fiscal court implement additional controls over occupational/payroll tax collections and solid waste fees collected and maintain adequate supporting documentation of the internal control procedures.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This finding was brought to our attention in the prior year. During that time, personnel became aware of new reports available within the software that could enhance control over deposits. As these reports were being implemented, it was discovered that the payroll tax ledger software lacked certain configuration settings, resulting in some reporting inaccuracies. During FY2023, the Treasurer and the Occupational Tax Administrator collaborated to adjust the report settings to ensure that all payments were reported accurately. As a result, this finding should be considered corrected in future audits.

WOLFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-003 The Wolfe County Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2022-004. The fiscal court executed a loan with KACo on July 21, 2022, to purchase two dump trucks, which were later sold at auction. The receipt of loan proceeds and the purchase of the assets were not reflected in the fiscal court's bank activity, budget process, or fourth quarter financial report as these funds were paid directly to the vendor by the financing entity. All loan proceeds and asset purchases should be included on quarterly financial reports.

The fiscal court was not aware debt proceeds and asset purchase transactions were required to be reported when those funds were handled by the financing entity.

As a result, the fiscal court failed to properly budget for and record \$163,537 in Road Fund debt related receipts and disbursements and \$181,374 in Solid Waste Fund debt related receipts and disbursements for the fiscal year. Material adjustments were recommended to the county's financial statements to account for this activity.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Proper reporting of debt proceeds and the subsequent purchase of assets is a basic internal control necessary to ensure the accuracy and reliability of financial reports so that management can make the best financial decisions for the entity.

We recommend the fiscal court comply with regulatory reporting requirements by budgeting and recording all borrowed money, including those transactions handled by a third-party lender, in order to accurately report financing obligations proceeds received and assets purchased.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Court acknowledges the comment regarding budgeting for and recording all debt-related disbursements. These transactions involve funds that are never received or disbursed directly by the Fiscal Court. When trucks or similar equipment are purchased, the bank makes payments directly to the vendor, and no monies flow through the County's financial system. Because of this structure, the Fiscal Court has not historically recorded these disbursements in our system.

2023-004 Long Term Liabilities Reported On The Fourth Quarter Financial Statement Were Materially Misstated

This is a repeat finding and was included in the prior year audit report as finding 2022-002. The fiscal court did not accurately report long term liabilities on the Fourth Quarter Financial Statement. The refunding bond for the Public Properties Corporation Judicial Center Project was not reported. The principal balance outstanding for those bonds was \$4,985,000 and interest outstanding was \$629,150, resulting in an understatement of long-term liabilities totaling \$5,614,150. This misstatement is material in relation to the financial statement.

WOLFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-004 Long Term Liabilities Reported On The Fourth Quarter Financial Statement Were Materially Misstated (Continued)

Due to an error and inadequate review and oversight procedures to address such errors, the fiscal court failed to include the Public Properties Corporation bond. Improper reporting of long-term liabilities can impact the fiscal court's ability to make effective management decisions.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Proper reporting of outstanding debt is a basic internal control necessary to ensure the accuracy and reliability of financial reports so that management can make the best financial decisions for the entity.

Further, KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to submit quarterly reports to the Department for Local Government by the 30th day following the close of each quarter. Page 75 of the manual outlines the requirements for reporting long-term liabilities.

We recommend the fiscal court implement controls to ensure the amounts reported on the Fourth Quarter Financial Statement for long-term liabilities are complete and accurate.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The long-term liabilities reported on the fourth quarter financial statement were misstated due to the nature of the Judicial Center Public Properties account. This account represents funds that the Fiscal Court does not receive or handle directly. Instead, the Fiscal Court is provided with quarterly and annual reports, which are formally presented at Fiscal Court meetings for review. Because these funds are not actual monies managed or disbursed by the County, they cannot be recorded in our financial system in the same manner as other transactions.

Auditor's Reply: The Department for Local Government requires all debt the fiscal court is ultimately responsible for to be reported on the fourth quarter financial report.

2023-005 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter

The Wolfe County Fiscal Court operates the Wolfe County Animal Shelter (hereafter referred to as the shelter) for animal welfare in the community. The land for the shelter was donated and the building was constructed with grant funds. The fiscal court pays for the utilities at the shelter and the salary for the shelter's director. The director oversees daily operations at the shelter and also coordinates with various animal rescue organizations to provide foster homes and adoption services for animals at the shelter. Other labor is provided by volunteers.

WOLFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-005 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter (Continued)

In 2011, several community members formed a not-for-profit organization to solicit tax exempt donations in accordance with section 501(c)(3) of Title 26 of the United States Code. This tax-exempt organization is also named Wolfe County Animal Shelter (hereafter referred to as the organization). As a technical matter, the organization is controlled by a board of directors established independently from the fiscal court. But, as a practical matter, the board and the fiscal court, acting through the shelter director, are both involved in managing the shelter.

The solicited donations to the non-profit are deposited into the organization's bank account. This account serves as the shelter's only operating account and should be used to purchase items needed to run the shelter, such as food, cleaning supplies, blankets, appliances, and veterinary care. The shelter's director also served on the organization's board. Both the fiscal court and the organization work together to operate the shelter, with each relying on the services and financial support of the other for the shelter to be functional. For instance, the organization's activities would be severely limited without fiscal court's commitment to provide the building, utilities, and staff.

During fiscal year 2023, auditors noted that the fiscal court does not have a written agreement with the organization delineating each entity's responsibilities for the management and operation of the shelter. According to information relayed to auditors, the former treasurer of the organization had sole authority for all financial activities without any documented oversight or involvement of other members of the board of directors.

The activities between the Wolfe County Fiscal Court, the shelter, and the organization are commingled to an extent that it creates confusion, lapses in oversight, and lacks accountability, all of which increase the risk for errors, omissions, and fraud.

Auditors were unable to determine the accuracy and validity of the financial activities of the organization due to failure of the organization's former treasurer to maintain and provide requested documentation to the fiscal court. The organization's former treasurer did not provide ledgers that summarized financial activity, receipts that document donations/revenues received, and invoices to support disbursements.

A review of the bank activity of the organization for fiscal year 2023 revealed concerning activity without adequate support or explanation, including the following:

- 75 transactions totaling \$19,072: electronic debits to Capital One and Discover with no explanation or supporting documentation
- 40 transactions totaling \$7,160: checks written to "Cash"
- 11 transactions totaling \$7,227: payments to vendor with ties to board of directors/officers, which is specifically prohibited in the organization's articles of incorporation

Total receipts noted in bank activity for fiscal year 2023 were \$55,230 and disbursements/payments noted in bank activity for fiscal year 2023 were \$55,394. Based on the limited documentation obtained, we could not determine if there were additional donations/receipts or other relevant transaction that were not included in the bank activity.

Regarding the fiscal court's receipts and disbursement for the shelter, these amounts are included in the county's regular financial statements in the LGEA Fund and are subject to the applicable internal controls of the fiscal court.

WOLFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-005 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter (Continued)

The fiscal court does not have direct control over the financial activity of the organization. As previously noted, the board of directors is a separate body without fiscal court involvement or oversight. The former shelter director communicated with the organization's former treasurer to coordinate support for the shelter, but did not have independent access to the organization's funds.

The Governmental Accounting Standards Board's Codification of Governmental and Financial and Reporting Standards, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This requires the financial statements to agree with and to be supported by the organization's underlying records to enable accurate financial statements to be prepared. Reconciliation of financial reports to supporting records is a basic internal control necessary to ensure complete, accurate financial reporting.

The articles of incorporation for the organization state in Article V, "No part of the net earnings of the Corporation shall inure to the benefit of, or be distribute [sic] to its member, trustee, officers or other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set for in Article Third thereof."

Even though the fiscal court has no direct authority over the organization, the fiscal court should create an agreement with the organization to outline the duties, responsibilities, and activities of each party involved in operating the animal shelter and create accountability standards for the organization as it operates in the name of Wolfe County Animal Shelter. Even though the funds of the organization are not taxpayer dollars, the fiscal court can make reasonable efforts to ensure protection of donations solicited by a charitable organization to the extent possible within the scope of animal shelter operations with cooperation from the organization.

Subsequent to fiscal year 2023, there were changes made regarding animal shelter operations. A new animal shelter director was hired and the board of directors of the organization installed new members and new officers (president, vice president, secretary, and treasurer).

We recommend the fiscal court consult with the county attorney to review the makeup and control of the animal shelter to determine how it will be operated, managed and controlled in the future. If the animal shelter operations involve a third party, we recommend there be a written agreement between the Wolfe County Fiscal Court and the third party, outlining how each party will contribute to the animal shelter's operations in a more financially transparent manner. Further, we recommend this agreement require periodic financial reporting from the organization to the fiscal court. The finding concerning possible improper expenditures from the organization's account will be referred to the Office of the Attorney General.

WOLFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-005 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The former Animal Shelter treasurer was responsible for overseeing the animal shelter's daily financial activities, including preparing bank statements, issuing checks, and completing bank reconciliations. The Fiscal Court's role was to provide support services such as building and vehicle maintenance, utilities, and lawn care, while also covering the costs of veterinary care and medications for the shelter animals.

To strengthen internal controls, Wolfe County Fiscal Court has taken corrective action by updating its Administrative Code. The revisions now include detailed job descriptions for all shelter positions, along with clearly defined lines of responsibility and accountability for shelter operations. Furthermore, the Animal Shelter Board is required to submit quarterly reports to the Fiscal Court to ensure ongoing oversight, transparency, and compliance.

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**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM**

WOLFE COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT
WOLFE COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Wolfe County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance and Development Programs was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in blue ink, appearing to read "John B. ...", written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, appearing to read "Porter Harris", written over a horizontal line.

County Treasurer